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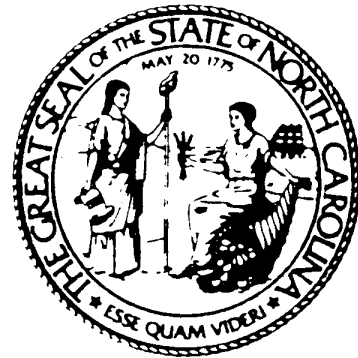
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**NORTH CAROLINA
GENERAL ASSEMBLY
GOVERNMENT PERFORMANCE
AUDIT COMMITTEE**

**PERFORMANCE AUDIT OF
INFORMATION TECHNOLOGY
AND TELECOMMUNICATIONS**

VOLUME II

**Final Report
December 1992**

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December 18, 1992

The Honorable Daniel T. Blue, Jr.
Speaker of the House

The Honorable Henson P. Barnes
President Pro Tempore

Members, Government Performance Audit Committee

This report presents the results of our performance audit of the State of North Carolina's information technology and telecommunications functions as identified in the table of contents. Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

Purpose

Information technology and telecommunications are critical tools that empower State employees to do their work efficiently, effectively, and competitively. Our audit evaluated the performance of statewide information technology and telecommunications functions to determine their ability to meet the State's rapidly growing needs and to recommend changes for improvements in cost-effectiveness and service delivery.

Background

The State appropriated approximately \$97 million in fiscal year 1991 to fund statewide operations of information technology and telecommunications across all three branches of government (excluding the campuses of the University of North Carolina and the Community College System). This funded over 900 information resource management positions and supported operation of 8,000 personal computers, seven mainframe computers, and seven telecommunications networks.

The number of users of information technology has increased more than 50-fold since 1983. The State Information Processing Service (SIPS) has been reviewed eight times since 1986.



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Results in brief The State's information technology services are not uniformly meeting agencies' needs for technical support and access to information resources. In telecommunications, the State supports multiple networks that are redundant and largely uncoordinated. Inadequate planning at both the state and agency level hampers effectiveness. Individual application systems range from outstanding to dismal. Productivity is severely limited in some agencies as a result of continuing use of outdated technology.

Recommendations The State needs strong coordinated management to take advantage of the benefits and cost effectiveness that information technology offers. It should replace the Information Technology Commission with an Information Resource Management Commission with broader powers, and establish an IRM Advisory Board to link technical plans to programs.


Even with an effective governance structure, the State should develop a technology planning process to integrate budgeting with program planning. Short term steps should be taken to correct unacceptable systems, while plans are made for permanent solutions.

SIPS has already made some changes to become more responsive to its client agencies. Additional action should be taken to incorporate a client marketing function and develop performance measures and staff technical skills.

The State needs to immediately begin statewide planning to consolidate its telecommunications networks. Proceeding with bandwidth on demand should be given a high priority.

Agency response The performance audit addressed 10 agencies in detail; nine have responded. The Employment Security Commission stated that some of the recommendations would not improve its performance. SIPS indicated that some of the findings did not fully reflect its efforts and results, but essentially accepted the recommendations. The remaining agencies cited some disagreements with details of individual findings, but did not disagree with the recommendations.

This report is intended for the information of the Government Performance Audit Committee and the North Carolina Legislature.

 Peat Marwick

The Honorable Daniel T. Blue, Jr.
The Honorable Henson P. Barnes
Members, Government Performance Audit Committee
December 18, 1992

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The report is a matter of public record and its distribution is not limited.

Very truly yours,

KPMG Peat Marwick

**NORTH CAROLINA PERFORMANCE AUDIT
INFORMATION TECHNOLOGY REPORT
VOLUME II**

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